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C O N F I D E N T I A L SECTION 01 OF 02 BAKU 000305

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EUR FOR CARC
INL/C FOR VALERIE SILENSKY

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TAGS: [ECON](#) [EFIN](#) [PGOV](#) [PTER](#) [SNAR](#) [AJ](#)
SUBJECT: AZERBAIJAN: UPDATE ON ANTI-MONEY
LAUNDERING/COUNTERING TERRORISM FINANCING MEASURES

REF: A. BAKU 00147
[1](#)B. BAKU 00130

Classified By: Acting Deputy Chief of Mission Robert Garverick, reasons
1.4 (b) and (d).

[1](#)1. (U) SUMMARY: The Council of Europe,s MONEYVAL issued a statement March 20 welcoming the progress that Azerbaijan had made in adopting an anti-money laundering/countering terrorism financing (AML/CTF) law, signed by President Aliyev February 24, and the steps that were being taken to complete the legal framework for an AML/CTF regime. Azerbaijan,s task now is to establish a Financial Intelligence Unit (FIU) within the Central Bank, with a deadline of mid- to late-April. According to MONEYVAL,s latest statement, progress has been made in addressing many previously publicized concerns. Embassy Baku is working to establish an interagency advisory group to assist the Central Bank in developing the supporting statutes in accordance with international norms. End Summary.

[1](#)2. (U) The Central Bank of Azerbaijan is the intended location of the Financial Intelligence Unit (FIU). To date the Central Bank has appointed Anar Salanov as the Head of the FIU, and allocated space and resources to the unit. Embassy expects to receive further details on the resources and space in the near term.

[1](#)3. (U) Given the 52-day timeline, which began February 24, and apparent eagerness to implement the law, the GOAJ has been working quickly. The Central Bank completed draft regulations for the FIU and presented them to President Aliyev for approval at the beginning of April. Some GOAJ officials have expressed their belief that the regulations have already been passed, but this information remains to be confirmed. These regulations should encompass the formation of the FIU and the financial reporting requirements. To date, Emboffs have been unable to obtain a copy of the regulations for review, but have been informed that they are general and vague in nature, allowing for further legal and logistical details to be defined in the supporting statutes.

Next Steps

[1](#)4. (U) The Embassy Anti-Corruption Working Group is coordinating an interagency team, in conjunction with INL, to provide technical assistance to the FIU in late April/early May. This team will consist of experts from INL, Treasury and other relevant organizations. A USAID consultant with FDIC background will arrive in late April to add that

technical expertise to the FIU project. All of these experts will advise the GOAJ on creating detailed regulations in line with international law and a game plan for moving forward.

15. (U) Additionally, the DOJ, in coordination with the Council of Europe (COE), has planned an anti-money laundering training session for the week of 6 July. An official from the IRS,s Crime Investigative Unit, as well as a European AML expert, will be conducting this training. The DOJ anticipates 60 people in attendance, consisting mostly of FIU personnel and prosecutors.

16. (U) The COE will provide expert advice on creating detailed regulations as well as training. Embassy Baku will include the COE on the interagency team, and coordinate to keep them abreast of developments, in order to avoid duplication. It will also conduct regular meetings with the Central Bank to obtain information updates and copies of the FIU regulations.

Comment

17. (C) Although the adopted law did not address all of MONEYVAL,s concerns, the real issue remains how the GOAJ will implement the law, particularly the FIU, and whether or not it will meet international standards. Embassy is encouraged by the Central Bank,s enthusiasm in creating the FIU. Still, gathering concrete information, such as a draft of the regulations, continues to be a challenge. The draft regulations are expected to be broad enough that the

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suggestions of the interagency team will be easy to incorporate, bringing the FIU,s regulations in line with international norms.
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